

Message Text

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TO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L STATE 024938

FROM TREASURY

E.O. 11652: GDS

TAGS: ETRD, EINV, AR, OVIP (GOMEZ MORALES)

SUBJECT: SIMON-GOMEZ MORALES MEETING OF JANUARY 17, 1975

1. MEETING BETWEEN TREASURY SECRETARY SIMON AND ARGENTINE MINISTER OF ECONOMY GOMEZ MORALES TOOK PLACE IN SECRETARY'S OFFICE WITH AMBASSADOR ORFILA AND FINANCE MINISTER ANGEL CARAM IN ATTENDANCE. TREASURY REPS WERE DEPUTY ASSISTANT SECRETARY SUCHMAN AND WILLIAM MCFADDEN. PRINCIPALS DISCUSSED FOUR MAJOR TOPICS - COUNTERVAILING DUTIES, ARGENTINE CREDITWORTHINESS, ARGENTINE ACCESS TO FSO FUND, AND PROPOSED WORLD BANK GUIDELINES, END SUMMARY.

2. COUNTERVAILING DUTIES: GOMEZ MORALES OPENED DISCUSSION WITH THIS TOPIC. SAID GOA DESIRES TO BE AS COOPERATIVE AS
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POSSIBLE. HE ALSO SAID GOA IS INTERESTED IN VOLUNTARY

EXPORT RESTRAINT IN LIEU OF CUT IN EXPORT SUBSIDY. SIMON OPINED WE MAY BE BEYOND STATE WHERE A VOLUNTARY EXPORT RESTRAINT IS OPTION BECAUSE COURT REVIEW DEADLINE FEBRUARY 12. SUCHMAN MENTIONED PROGRESS IN HIS MEETINGS WITH ARGENTINE DELEGATION EARLIER IN WEEK AND WILLINGNESS TO SEND EXPERT TO ARGENTINA TO CONTINUE DISCUSSIONS.

3. ARGENTINE CREDITWORTHINESS: GOMEZ MORALES RAISED ISSUE WHILE MAKING PROTESTATIONS ABOUT GOOD HEALTH OF ARGENTINE ECONOMY, MINIMAL ROLE OF TERRORISM AND POINTING OUT RULE OF DEMOCRATIC PRINCIPLES IN THE INSTITUTIONS AND GOVERNMENT OF ARGENTINA. SIMON SUGGESTED RUMOR PROBABLY EMANATED FROM PRIVATE BANKING COMMUNITY. GOMEZ MORALES IDENTIFIED WITH THIS REPLY STATING THAT WHILE HE WAS INVOLVED WITH PRIVATE BANKING COMMUNITY A POTENTIAL CUSTOMER'S CREDITWORTHINESS WAS SOMETIMES QUESTIONED IN ORDER TO INCREASE INTEREST RATES. SIMON ASKED THAT TREASURY REPS LOOK INTO THIS MATTER AGAIN.

4. WORLD BANK GUIDELINE: ARGENTINES PRESENTED THEIR CONCERN ABOUT GUIDELINE PROPOSED IN IBRD, AND SUPPORTED BY USG, WHICH WOULD SHORTEN MATURITIES FOR ALL COUNTRIES WITH ANNUAL PER CAPITA INCOME IN EXCESS OF 850 DOLLARS. USG POSITION IS THAT IN VIEW OF GREAT NEEDS OF DEVELOPING COUNTRIES WITH LOWER PER CAPITA INCOMES, NOT ONLY SHOULD LOAN MATURITIES BE SHORTER FOR HIGH INCOME COUNTRIES BUT THAT A PREMIUM INTEREST OUGHT TO APPLY. MOREOVER, FOR THE HIGH INCOME COUNTRIES, THESE RATES SHOULD BE CLOSE TO PRIVATE MARKET RATES.

5. ARGENTINE ACCESS TO FSO: GOMEZ MORALES SAID HE WAS SPEAKING FOR MEXICO, BRAZIL AS WELL AS GOA WHEN HE SAID THAT THE USG PROPOSED CEILING ON CATEGORY A COUNTRY ACCESS TO FSO FUND WAS NOT HIGH ENOUGH. SECRETARY SIMON TOLD THE ARGENTINES THAT SINCE THERE ARE SO FEW CONCESSIONARY FUNDS AVAILABLE WE BELIEVE THESE OUGHT TO GO TO THE MOST NEEDY. MOREOVER, OUR SENSE OF THE CONGRESS ATTITUDE ON THESE MATTERS SUGGESTS THAT TO DO OTHERWISE WITH THESE MONIES COULD JEOPARDIZE THE ENTIRE IDB REPLENISHMENT. KISSINGER
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